

Message Text

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42

ACTION NEA-10

INFO OCT-01 ISO-00 OMB-01 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01

SP-02 TRSE-00 (ISO) W

----- 125302

R 380938Z AUG 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 1784

INFO AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMCONSUL KARACHI

AMEMBASSY KATHMANDU

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE ISLAMABAD 7944

E.O. 11652: N/A

TAGS: EFIN, ETRD, IR, IN, BG, NP, PK, CE

SUBJ: ASIAN CLEARING UNION

REF: TEHRAN 5844

1. LOCAL PRESS AUGUST 27TH CARRIED A STORY ON THE ASIAN CLEARING UNION WHICH CONFIRMS OUR EARLIER IMPRESSION THAT THE UNION WILL HAVE NO NOTICEABLE IMPACT ON PAKISTAN'S TRADE AND PAYMENTS. THE STORY, WHICH WAS BASED ON REMARKS MADE BY ACU GENERAL MANAGER CYRUS TOWFIQ DURING A BRIEF VISIT TO KARACHI, DESCRIBED THE PURPOSES OF THE UNION IN ESSENTIALLY THE SAME TERMS AS REFTEL. IT SAID LITTLE ABOUT THE MECHANICS OF THE ACU, EXCEPT THAT IT WOULD PERMIT EXPORTERS IN PARTICIPATING COUNTRIES TO BE PAID IN LOCAL CURRENCY, THUS ECONOMISING ON THE MONETARY AUTHORITIES' NEED FOR RESERVES.

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2. THE STORY MENTIONED THAT PAKISTAN'S ADHERENCE TO THE ACU HAD BEEN SUBJECT TO TWO PROVISOS: THAT GOVERNMENT INVISIBLE RECEIPTS AND PAYMENTS WOULD NOT BE COVERED, AND THAT IRAN-PAKISTAN TRADE WOULD REMAIN OUTSIDE THE ACU FRAMEWORK. THIS LATTER PROVISION VIRTUALLY GUARANTEES, IN OUR VIEW, THAT THE ACU WILL HAVE NO IMPACT ON PAKISTAN'S TRADE AND PAYMENTS, SINCE IRAN IS THE ONLY OTHER PARTICIPANT WITH WHICH PAKISTAN HAS ANY SIGNIFICANT TRADE. AMONG THE OTHER PARTICIPANTS, INDIA TRADES WITH PAKISTAN ONLY ON A CAREFULLY REGULATED, STATE-TO-STATE BASIS AND IN MINOR AMOUNTS; AND PAKISTAN'S TRADE WITH SRI LANKA AND NEPAL IS IN MINOR AMOUNTS ONLY.

3. IN DISCUSSIONS WITH EMBASSY OFFICERS, GOP FINANCIAL OFFICIALS CONSIDERED ACU UNIMPORTANT FOR PAKISTAN AT THIS STAGE.
BYROADE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

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Margaret P. Grafeld
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